Andrea Leder

From: Bianca Ulibarri
Sent: Wednesday, February 08, 2012 4:09 PM
To: Andrea Leder
Subject: FW: Westwind audit response - audit year ended June 30, 2011
Attachments: WPA audit response - FY 2011.doc.pdf

Bianca Ulibarri, Constituent Services Specialist
Arizona State Board of Charter Schools

From: Eno Csontos [mailto:ecsontos@westwindacademy.org]
Sent: Wednesday, February 08, 2012 3:48 PM
To: Charter School Board
Cc: Debra Slagle
Subject: Westwind audit response - audit year ended June 30, 2011

Andrea:

Here is the audit response. If you have any questions, please let me know.

Sincerely,

Eno Csontos
602-864-1211

TO: **Arizona State Board for Charter Schools**
FROM: **Westwind Children's Services**
DATE: **February 8, 2012**
SUBJECT: **Westwind Preparatory Academy**
Audit finding year ended June 30, 2011

Accounting
Reference: 2011 C-1

The audited FY 2010 (06-30-10) balance was reported inaccurately, resulting in FY 2011(06-30-11) year-end adjustments not only for Westaind Preparatory Academy but also for related party balances in order to match the balances that are recorded by the other related party.

Reference: 2011 C-2

The value of payments received from related party is supported by documented expenses and services provided as stated in the management services agreement.

As indicated in the client responses, we do not concur with the above conditions.

Payroll taxes
Reference: 2011 F-1

Beginning January 2012 pay date (pay period ending December 31, 2011), the school has been submitting payroll taxes in a timely manner, both Federal and State (see attached).

On January 4, 2012, Debra Slagle spoke with a representative from the IRS regarding establishment of a written agreement for paying back taxes, IRS representative #100144258 indicated that because of the amount due, she had to make a referral to a revenue officer to establish the written agreement. However, at that time, the IRS vacated the $20,112.15 penalty because of the organization's excellent history of paying on time. Ms. Slagle requested the phone number of the office to which the organization's file would be transferred; but the IRS agent could not provide that information. She indicated that because it was referred to a revenue officer, the account has been removed from collections. However, the organization has already begun to repay the back taxes owed. To date, $10,000 (paid by check 10153 - $5,000 and paid through EFTPS) has been paid to IRS toward the back taxes, in addition to keeping current on taxes for all payroll since January 1, 2012. The IRS representative could not provide a date as to when the written agreement would be received from the revenue officer. We will continue to pay $5,000 per month until the balance is paid in full.

With regard to Arizona Department of Revenue, the school has paid $8,958.32 (06-30-11 due) and $13,714.60 (09-30-11 due); the remainder due (12-31-11) will be paid on March 1, 2012.

TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC

TIN: xxxxx1822

Payment History

Your 90 Day payment history is displayed at the bottom of this page.

PLEASE NOTE

- Only payments or scheduled transactions made through EFTPS will be reflected in the payment history. No IRS adjustments will be displayed.
- There may also be a delay before EFTPS payments are available in the official IRS records.

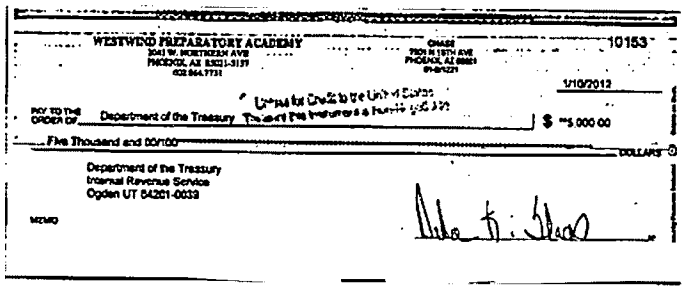
Search Results

	Settlement Date	Initiation Date	Tax Form	Tax Period	Amount	Status
	EFT Acknowledgment Number: 270244020066389					
PPE 1-31-12	2012-02-09	2012-02-08	941	03/2012	24,437.05	Scheduled
	EFT Acknowledgment Number: 270243315407296					
PPE 1-15-12	2012-02-02	2012-01-25	941	03/2012	23,672.13	Settled
	EFT Acknowledgment Number: 270243373135799					
Burtaxes	2012-02-02	2012-01-27	941	06/2011	5,000.00	Settled
	EFT Acknowledgment Number: 270240662397672					
PPE 12-31-11	2012-01-06	2012-01-05	941	03/2012	23,202.47	Settled

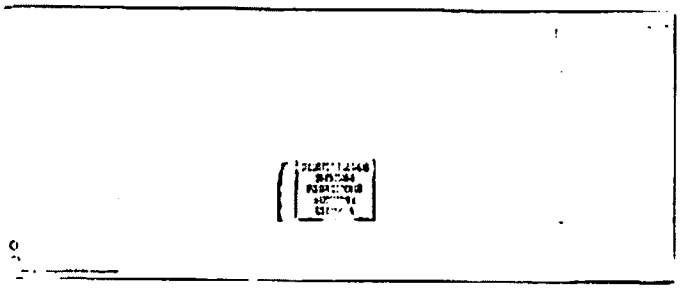
Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10153 **Post Date:** 01/19/2012 **Amount of Check:** $5,000 00


WESTWIND PREPARATORY ACADEMY
10153
1/10/2012
PAY TO THE ORDER OF Department of the Treasury $ **5,000 00
Five Thousand and 00/100 DOLLARS
Department of the Treasury
Internal Revenue Service
Ogden UT 84201-0039
MEMO

Need help printing or saving this check?



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IRS Back pay (taxes)

Westwind Children's Services
Bill Payments for Arizona Department of Revenue
January through March 2012

Type	Num	Date	Amount	
Jan - Mar 12				
Bill Pmt -Check	10190	2/7/2012	3,000.12	- not yet cashed
Bill Pmt -Check	10159	1/19/2012	2,884.88	- cancelled ✓ provided
Bill Pmt -Check	10148	1/5/2012	2,822.32	- cancelled ✓ provided
Jan - Mar 12			**8,707.32**	

current

Westwind Children's Services
Bill Payments for AZ Department of Revenue
January through March 2012

Type	Num	Date	Amount	
Jan - Mar 12				
Bill Pmt -Check	10175	2/6/2012	13,714.60	- not yet cashed
Bill Pmt -Check	10150	1/5/2012	8,958.32	- cancelled v provided
Jan - Mar 12			22,672.92	

Back taxes

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10150 **Post Date:** 01/11/2012 **Amount of Check:** $8,958.32

WESTWOOD PREPARATORY ACADEMY
3043 W. MORTELLER AVE
PHOENIX, AZ 85051-5157
602 864 7711

CHASE
1521 N 19TH AVE
PHOENIX, AZ 85027
91-6/1231

10150

1/5/2012

PAY TO THE ORDER OF Arizona Department of Revenue $ **8,958.32

Eight Thousand Nine Hundred Fifty-Eight and 32/100********** DOLLARS

Arizona Department of Revenue
Attn: Collections Division
1600 W. Monroe Street
Phoenix, AZ 85007

MEMO 74-2201822

Need help printing or saving this check?

State WH
PPE 6-30-11

Need help printing or saving this check?

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Back taxes

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10159 **Post Date:** 01/31/2012 **Amount of Check:** $2,884.88

WESTWIND PREPARATORY ACADEMY
3043 W. NORTHERN AVE
PHOENIX, AZ 85051-5157
602 864 7771

CHASE
7600 N. 16TH AVE
PHOENIX, AZ 85021
91-8/321

10159

1/19/2012

PAY TO THE ORDER OF Arizona Department of Revenue $ 2,884.88

Two Thousand Eight Hundred Eighty-Four and 88/100 DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO 74-2801822

Need help printing or saving this check?

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Current State W/H texco
PPE 1-15-12

CHASE

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My Accounts > Account Activity > Check Details

Wednesday, February 08, 2012

Check Details

Print Help with this page

I'd like to...

- See Account Statements

BUSINESSPLUS EXTRA (...1163)

Check Number: 10148 **Post Date:** 01/10/2012 **Amount of Check:** $2,822.32

Front Enlarge/Reduce Check Image

WESTWIND PREPARATORY ACADEMY
3045 W NORTHERN AVE
PHOENIX, AZ 85051-5137
602 904 7731

CHASE
PHOENIX, AZ

10148

1/5/2012

PAY TO THE ORDER OF Arizona Department of Revenue $ **2,822.32

Two Thousand Eight Hundred Twenty-Two and 32/100********** DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO

Need help printing or saving this check?

Back Enlarge/Reduce Check Image

PPE 12-31-11

Need help printing or saving this check?

Return to Account Activity

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Andrea Leder

From: Andrea Leder
Sent: Monday, February 27, 2012 12:29 PM
To: 'debra.slagle@westwindacademy.org'
Subject: ASBCS Response to CAP
Attachments: Board Response to CAP.pdf

Importance: High

Debra Slagle,
Please review the attached document regarding the fiscal year 2011 audit corrective action plan submitted to our office.

If you have any questions, please let me know.

Thanks,
Andrea

Andrea Leder
Arizona State Board for Charter Schools
1700 W. Washington Street, Room 164
Phoenix, AZ 85007
Phone: (602) 364-3106
Fax: (602) 364-3089
http://asbcs.az.gov

Arizona State Board for Charter Schools

1700 W. Washington Street, Room 164
Phoenix, AZ 85007

Phone: (602) 364-3080
Fax: (602) 364-3089

February 27, 2012

Debra Slagle
Westwind Children's Servies
2045 West Northern Avenue
Phoenix, AZ 85021

SENT VIA EMAIL: debra.slagle@westwindacademy.org

Dear Mrs. Slagle:

The Arizona State Board for Charter Schools (Board) has reviewed your corrective action plan dated February 8, 2012 regarding noncompliance with federal and state payroll tax requirements.

In its February 8th response, the school documents your efforts to enter into a payment plan with the Internal Revenue Service (IRS). While a payment plan has yet to be put into place, the school provided evidence that it had made two $5,000 payments on the back taxes owed since January 2012. With regards to back taxes owed to the Arizona Department of Revenue (ADOR), the school provided evidence that it has paid nearly $22,673 to the ADOR and indicates that it plans to pay the remaining amount on March 1, 2012. Additionally, the school indicated that it has been keeping current on taxes for all payrolls since January 1, 2012 and provided information showing payments made to the IRS and ADOR. By **Monday, March 26, 2012**, please provide the following:

- An update on the school's efforts to enter into a payment plan with the IRS.
- The total amount of federal income tax, social security tax and Medicare tax withheld from employee paychecks along with the employer amounts for January 2012, February 2012 and, so far, in March 2012. Please also provide evidence of any related payments made to the IRS since the payment made for the January 31, 2012 payroll.
- A copy of any correspondence received from the IRS documenting that the IRS has vacated the $20,112.15 penalty.
- Evidence that the March payment of $5,000 has been made to the IRS.
- The total amount of state income tax withheld from employee paychecks for January 2012, February 2012 and, so far, in March 2012. Please also provide evidence of any related payments made to the ADOR since the payments reflected in the information provided on February 8th.
- Evidence that the remaining approximately $20,510 owed to ADOR has been paid.
- A written statement reflecting the changes made by the school to ensure taxes continue to be timely submitted to the IRS and ADOR.
- A written statement that includes the specific reasons for the increases in the back payroll taxes owed to the IRS and ADOR between June 30, 2011 and November 30, 2011.

On January 23, 2012, Westwind Children's Services submitted its renewal application package. The Board will consider Westwind's renewal application package at its April 9, 2012 meeting. Prior to the April meeting, please provide to the Board's office: 1) evidence that the April payment of $5,000 has been made to the IRS; and 2) evidence that the school remitted all applicable taxes to the IRS and ADOR for any payrolls that occurred subsequent to March 26th and prior to the April meeting. This information will be reported to the Board.

If you have any questions, please feel free to contact me at (602) 364-3106.

Sincerely,

Andrea Leder
Government & Financial Services Manager

Andrea Leder

From: Andrea Leder
Sent: Tuesday, February 28, 2012 1:22 PM
To: 'Debra Slagle'
Subject: RE: ASBCS Response to CAP

Debra,
It would be OK with me if you wanted to provide the information in early March. Depending on what information I receive in early March, the information request found on page 2 of the letter may need to be modified to include additional updates prior to the April meeting.

If you have any other questions, please let me know.

Thanks,
Andrea

From: Debra Slagle [mailto:dslagle@westwindacademy.org]
Sent: Tuesday, February 28, 2012 1:01 PM
To: Andrea Leder
Subject: RE: ASBCS Response to CAP

Andrea,
We will get this information to you. Can we do this early in March, or would you prefer I wait until closer to the 3/26 deadline? If we do it earlier, would you then like an update? I just want to make sure that we get you the information you need.

Thanks,
Debra

From: Andrea Leder [mailto:Andrea.Leder@asbcs.az.gov]
Sent: Monday, February 27, 2012 12:29 PM
To: Debra Slagle
Subject: ASBCS Response to CAP
Importance: High

Debra Slagle,
Please review the attached document regarding the fiscal year 2011 audit corrective action plan submitted to our office.

If you have any questions, please let me know.

Thanks,
Andrea

Andrea Leder
Arizona State Board for Charter Schools
1700 W. Washington Street, Room 164
Phoenix, AZ 85007
Phone: (602) 364-3106
Fax: (602) 364-3089
http://asbcs.az.gov

Andrea Leder

From: Cynthia Eichler <ceichler@westwindacademy.org>
Sent: Wednesday, March 21, 2012 4:11 PM
To: Andrea Leder
Subject: Westwind Children's Services Charter Renewal
Attachments: March 2012 Response to Andrea Leder.doc; March 2012 Statement Regarding Causes for Late Taxes.doc; Total Amount of Federal Income Taxes.pdf; A. Leder - ASBCS.pdf

Hello Ms. Leder,

On behalf of Debra Slagle, I am forwarding the attached letter and supporting documents. Please note that I am also mailing a hard copy of the above mentioned documents.

Respectfully yours,

Cynthia Eichler

Administrative Assistant

to the Superintendent

Westwind Community Schools

(602) 864 - 1211

RECEIVED

MAR 21 2012

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

March 19, 2012

Ms. Andrea Leder
Arizona State Board for Charter Schools
1700 West Washington Street, Room 164
Phoenix, Arizona 85007

Dear Ms. Leder:

This letter is in response to your February 27, 2012 letter, regarding your follow up questions relative to Westwind Children's Services.

- On February 15, 2012, Karla Groenenboom, IRS Revenue Officer, stopped by the WCS office to make an appointment to meet with me. I went ahead and met with her at that time in an effort to expedite the establishment of a payment plan. Ms. Groenenboom provided a list of items she needed from the organization that were due to her by March 20th. Those items were mailed to her the last week of February. In the meantime, we have continued to make monthly payments on the past due amount, as well as payments each pay period on the current amounts. Ms. Groenenboom advised that it could take a few months to have the official payment plan approved; but in the meantime she advised us to continue to make monthly payments and provide her with documentation. We have also provided Ms. Groennenboom with documentation of our payroll tax payments each time we have had a pay day.
- Enclosed is a copy of the total amount of federal income tax, social security tax and Medicare tax withheld from employee paychecks, along with the employer amounts for January 2012, February 2012 and so far in March 2012.
- Also enclosed is documentation of payments to the IRS since the payment made for the January 31, 2012 payroll.
- Enclosed is a copy of the notification that the $20,112.15 penalty has been vacated.
- Enclosed is a copy of the evidence that the $5000 payment for March was made.
- Enclosed is documentation of the total amount of state income tax withheld from employee paychecks for January 2012, February 2012 and so far in March 2012.

- Also included are evidence of payments made to the ADOR since payments reflected in the information provided on February 8.
- Enclosed is a written statement reflecting the changes made to ensure taxes continue to be paid in a timely manner to both the IRS and ADOR.
- Enclosed is a written statement that includes the specific reasons for the increases in the back payroll taxes owed to the IRS and ADOR between June 30, 2011 and November 30, 2011.

If you have further questions, please do not hesitate to contact me at 602-864-1211. The additional documentation required prior to the April 9, 2012 board meeting will be supplied the first week of April, once the payment has been submitted. Westwind's pay days are the 5th and 20th of each month. Therefore, the taxes for the 5th are not due until the 8th. We can provide that information as well if you would like; but I realize that it will be the day before the meeting. Thank you for your patience and guidance in this matter.

Sincerely,

Debra K. Slagle, M.Ed.
Charter Representative

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

Statement Regarding Changes to Ensure Tax Obligations Are Met on Time

March 19, 2012

Since June 30, 2011, the administrative team for Westwind Children's Services has made significant changes to ensure that taxes continue to be paid in a timely manner. In the past 15 years since Westwind opened, this is the first time that we have had had delinquent payroll taxes. This is why the IRS vacated the first penalty of $20,112.15, because the organization had such a good track record of paying on time. The following are several of the actions taken to ensure the timely payment of taxes continues. However, additional measures will be taken if necessary, with the goal of restoring our excellent record of paying taxes on time.

- Staff cuts were made that have resulted in reducing the payroll expenses by over $200,000.
- Remaining staff received a 15% cut in pay, beginning with the current pay period.
- Taxes are now being paid automatically the day following payroll by the company that processes the organization's payroll.
- Most importantly, planning for the upcoming school year will be done even more conservatively than what has been done in the past; and administrative staff has been put in place who understand the importance of staying within a budget.
- Increased verifications of the status of revenue have been added to the organization's procedural safeguards.
- The lease agreement for WAA has been renegotiation for the upcoming year, with facility costs at 18% of *existing* enrollment, which means that significant increases in enrollment are not required to support the budget. This was done even though the enrollment has increased 100% in the last year.
- The current and original WPA site on Northern will be either sold and leased back or sold with the intent to move the school to a different site, with the ultimate goal of ensuring the facilities costs are less than %20 of revenue.

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

Statement of Reasons for Increase in Back Taxes Owed

The 2011-2012 school year has been the "Perfect Storm" for Westwind Children's Services (WCS). While several of the issues that have resulted in back taxes started prior to this fiscal year, their impact has been fully felt since July. These issues include the following:

- In the best interest of students, the continued employment of highly qualified teachers to teach the courses current upperclassmen needed for graduation, even though the class sizes were not at a high enough enrollment level to financially justify their continuance.
- Decreases in education funding.
- A significant decrease in enrollment.
- Lack of integrity of data provided by site administration during the initial planning for staffing for the upcoming year at WPA on Northern.
- Multiple failed attempts to address the financing of the facility, which is part of the initial bond pool for charter schools that was done in 2000. The structure of this financing did not allow for expansion of the facility to accommodate the capacity at the height of the school's enrollment.
- Lower enrollment than anticipated at the Westwind at Anthem site and unwillingness initially on the part of the landlord to renegotiate the lease to a level that could be supported by the lower enrollment.

Over the past fourteen years, WCS has had a stellar record of paying taxes on time, never missing a pay day, and never having to cut employee salaries or lay off employees due to budgetary issues. With occasional slight dips, our enrollment trended upward, and when issues arose, they were dealt with quickly. At the beginning of each year, we intentionally reported an Estimated Count 10 % to 20% less than the number of students we actually had enrolled, in an effort to avoid over payments.

Total amount of federal income taxes

CHASE

Account Activity

Print Help with this page

I'd like to...

- Pay bills
- See statements
- See account notices
- See more choices

Access Manager Payroll

Activity for .... BUSINESSPLUS EXTRA (...6461) [Show]

Details for BUSINESSPLUS EXTRA (...6461)

Present Balance	[redacted]	Uncollected funds – Total	$0.00
Available Balance	[redacted]		
Available Credit	$0.00		
Available Plus Credit	[redacted]		

Need your full account number?

Show me... ACH Debit [Show] Next >

Transaction Results (1 - 32) for BUSINESSPLUS EXTRA (...6461)

Search transactions

Date	Type	Description	Debit	Credit
03/05/2012	ACH Debit	PAYCHEX TPS TAXES 43045200010267X CCD ID: 1161124166	$26,474.45	

PPE 2-28-12 PR taxes

IRS
State) See attached report

PAYROLL TAX REPORT

WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 03/05/2012 WEEK 10 03/01/2012
PERIOD BEGIN 02/16/2012 PERIOD END 02/29/2012 PAGE 1

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7175.64	103417.20	81	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	4877.49	116132.30	81	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1683.90	116132.30	81	
EMPLOYER OASDI	0.06200000	74-2801822	7200.20	116132.30	81	
EMPLOYER MEDICARE	0.01450000	74-2801822	1683.92	116132.30	81	
TOTAL FEDERAL TAXES			22621.15			
STATE WITHHOLDING						
AZ STATE WITHHOLDING		742801822	2744.78	103417.20	81	
TOTAL STATE WITHHOLDING			2744.78			
EMPLOYER SUI						
AZ EMPLOYER SUI	0.01790000	4708170	830.23	46381.54	59	QUARTERLY
TOTAL EMPLOYER SUI			830.23			
EMPLOYER OTHER #1						
AZ JTT & SPEC ASSMT	0.00600000	4708170	278.29	46381.54	59	
TOTAL EMPLOYER OTHER #1			278.29			
TOTAL EMPLOYEE TAXES			16481.81			
TOTAL EMPLOYER TAXES			9992.64			
			==========			
TOTAL TAX LIABILITY			26474.45			
TOTAL AMOUNT DEBITED FROM YOUR TAX ACCOUNT			26474.45			
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR			0.00			

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

PAYROLL INFORMATION	
DIRECT DEPOSIT	74723.15
PAYROLL CHECKS	9378.69
MANUAL CHECKS	2078.75
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	86180.59
GARNISHMENT PAYMENT SERVICE	0.00
AGENCY CHECKS	0.00
WCPS PREMIUM	858.81
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	488.71
	==========
TOTAL COST OF PAYROLL	114010.06

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

March 19, 2012

Ms. Andrea Leder
Arizona State Board for Charter Schools
1700 West Washington Street, Room 164
Phoenix, Arizona 85007

Dear Ms. Leder:

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- On February 15, 2012, Karla Groenenboom, IRS Revenue Officer, stopped by the WCS office to make an appointment to meet with me. I went ahead and met with her at that time in an effort to expedite the establishment of a payment plan. Ms. Groenenboom provided a list of items she needed from the organization that were due to her by March 20th. Those items were mailed to her the last week of February. In the meantime, we have continued to make monthly payments on the past due amount, as well as payments each pay period on the current amounts. Ms. Groenenboom advised that it could take a few months to have the official payment plan approved; but in the meantime she advised us to continue to make monthly payments and provide her with documentation. We have also provided Ms. Groennenboom with documentation of our payroll tax payments each time we have had a pay day.
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- Also enclosed is documentation of payments to the IRS since the payment made for the January 31, 2012 payroll.
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- Enclosed is a written statement reflecting the changes made to ensure taxes continue to be paid in a timely manner to both the IRS and ADOR.
- Enclosed is a written statement that includes the specific reasons for the increases in the back payroll taxes owed to the IRS and ADOR between June 30, 2011 and November 30, 2011.

If you have further questions, please do not hesitate to contact me at 602-864-1211. The additional documentation required prior to the April 9, 2012 board meeting will be supplied the first week of April, once the payment has been submitted. Westwind's pay days are the 5th and 20th of each month. Therefore, the taxes for the 5th are not due until the 8th. We can provide that information as well if you would like; but I realize that it will be the day before the meeting. Thank you for your patience and guidance in this matter.

Sincerely,

Debra K. Slagle, M.Ed.
Charter Representative

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

Statement of Reasons for Increase in Back Taxes Owed

The 2011-2012 school year has been the "Perfect Storm" for Westwind Children's Services (WCS). While several of the issues that have resulted in back taxes started prior to this fiscal year, their impact has been fully felt since July. These issues include the following:

- In the best interest of students, the continued employment of highly qualified teachers to teach the courses current upperclassmen needed for graduation, even though the class sizes were not at a high enough enrollment level to financially justify their continuance. As a result, teachers were retained while alternative sources for funding were sought. When that didn't occur, reduction in staff occurred.
- Decreases in education funding.
- A significant decrease in enrollment.
- Lack of integrity of data provided by site administration during the initial planning for staffing for the upcoming year at WPA on Northern.
- Multiple failed attempts to address the financing of the facility, which is part of the initial bond pool for charter schools that was done in 2000. The structure of this financing did not allow for expansion of the facility to accommodate the capacity at the height of the school's enrollment.
- Lower enrollment than anticipated at the Westwind at Anthem site and unwillingness initially on the part of the landlord to renegotiate the lease to a level that could be supported by the lower enrollment.

Over the past fourteen years, WCS has had a stellar record of paying taxes on time, never missing a pay day, and never having to cut employee salaries or lay off employees due to budgetary issues. With occasional slight dips, our enrollment trended upward, and when issues arose, they were dealt with quickly. At the beginning of each year, we intentionally reported an Estimated Count 10 % to 20% less than the number of students we actually had enrolled, in an effort to avoid over payments.

Andrea Leder

From: Andrea Leder
Sent: Friday, March 23, 2012 6:55 AM
To: 'Cynthia Eichler'; 'Debra Slagle'
Subject: RE: Westwind Children's Services Charter Renewal
Attachments: Incomplete CAP Received.pdf

Importance: High

Debra Slagle,
Please review the attached letter regarding the incomplete fiscal year 2011 audit corrective action plan emailed to our office. Please note that the mailed copy, which may be complete, has not yet been received by our office.

If you have any questions, please let me know.

Thanks,
Andrea

Andrea Leder
Arizona State Board for Charter Schools
1700 W. Washington Street, Room 164
Phoenix, AZ 85007
Phone: (602) 364-3106
Fax: (602) 364-3089
http://asbcs.az.gov

From: Cynthia Eichler [mailto:ceichler@westwindacademy.org]
Sent: Wednesday, March 21, 2012 4:11 PM
To: Andrea Leder
Subject: Westwind Children's Services Charter Renewal

Hello Ms. Leder,

On behalf of Debra Slagle, I am forwarding the attached letter and supporting documents. Please note that I am also mailing a hard copy of the above mentioned documents.

Respectfully yours,

Cynthia Eichler

Administrative Assistant

to the Superintendent

Westwind Community Schools

(602) 864 - 1211

Arizona State Board for Charter Schools

1700 W. Washington Street, Room 164
Phoenix, AZ 85007

Phone: (602) 364-3080
Fax: (602) 364-3089

March 23, 2012

Debra Slagle
Westwind Children's Servies
2045 West Northern Avenue
Phoenix, AZ 85021

SENT VIA EMAIL: debra.slagle@westwindacademy.org

Dear Mrs. Slagle:

The Arizona State Board for Charter Schools (Board) has reviewed the emailed documents received on March 21, 2012. Based on this review, certain documents referenced in your March 19, 2012 letter do not appear to have been included with the email. The March 21, 2012 email indicates that a copy of the information is also being mailed. Since the mailed copy has not yet been received and I will be out of the office the week of March 26th, I am sending you this letter.

The charter holder's March 19th letter references the following documents as having been enclosed although they were not included with the email:

- A copy of the notification that the $20,112.15 penalty has been vacated by the Internal Revenue Service (IRS).
- Evidence that the $5,000 payment for March was made to the IRS.
- Evidence that the remaining back taxes owed to the Arizona Department of Revenue (ADOR) were paid in March.

Additionally, the March 19th letter indicates that a copy has been enclosed of the total amount of federal income tax, Social Security tax and Medicare tax withheld from employees' paychecks along with employer amounts for January 2012, February 2012 and so far in March 2012. It also indicates that documentation has been enclosed of payments made to the IRS since the payment made for the January 31, 2012 payroll. The email included evidence of federal taxes withheld (including the employer amount) and deposited with the IRS for the pay period beginning February 16, 2012 and ending February 29, 2012. The email did not include:

- The total amount of federal income tax, Social Security tax and Medicare tax withheld from employees' paychecks along with the employer amounts for the pay periods ending December 31, 2011, January 15, 2012, January 31, 2012 and February 15, 2012.
- Evidence of payments made to the IRS for the pay period ending February 15, 2012.

Further, the March 19th letter indicates that documentation has been enclosed of the total amount of state income tax withheld from employees' paychecks for January 2012, February 2012 and so far in March 2012. It also indicates that evidence has been enclosed of payments made to the ADOR since the

payments reflected in the information provided on February 8th. The email included evidence of state taxes withheld and paid to the ADOR for the pay period beginning February 16, 2012 and ending February 29, 2012. The email did not include:

- The total amount of state income tax withheld from employees' paychecks for the pay periods ending December 31, 2011, January 15, 2012, January 31, 2012 and February 15, 2012.
- Evidence of payments made to the ADOR for the pay period ending February 15, 2012.

If not included in the mailed copy, please provide the above information by **Friday, March 30, 2012**. If any of the above information was previously provided and I overlooked or misinterpreted it, please let me know where I can find it in the documentation I have already received.

In the March 19th letter, the charter holder indicates the pay days are the 5th and 20th of each month. The charter holder states that the taxes for the April 5th pay day are not due until April 8th. The charter holder indicates that it will provide this information if Board staff would like it, but realizes that the information will be provided on the day before the Monday meeting. In lieu of providing the information for the April 5th pay day, please submit the information for the March 20th pay day. If reasonable, please provide this information by **Friday, March 30, 2012**. Otherwise, please provide this information when you submit during the first week of April evidence of the $5,000 April payment to the IRS.

If you have any questions, please feel free to contact me at (602) 364-3106.

Sincerely,

Andrea Leder
Government & Financial Services Manager

RECEIVED

MAR 23 2012

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

March 19, 2012

Ms. Andrea Leder
Arizona State Board for Charter Schools
1700 West Washington Street, Room 164
Phoenix, Arizona 85007

Dear Ms. Leder:

This letter is in response to your February 27, 2012 letter, regarding your follow up questions relative to Westwind Children's Services.

- On February 15, 2012, Karla Groenenboom, IRS Revenue Officer, stopped by the WCS office to make an appointment to meet with me. I went ahead and met with her at that time in an effort to expedite the establishment of a payment plan. Ms. Groenenboom provided a list of items she needed from the organization that were due to her by March 20th. Those items were mailed to her the last week of February. In the meantime, we have continued to make monthly payments on the past due amount, as well as payments each pay period on the current amounts. Ms. Groenenboom advised that it could take a few months to have the official payment plan approved; but in the meantime she advised us to continue to make monthly payments and provide her with documentation. We have also provided Ms. Groennenboom with documentation of our payroll tax payments each time we have had a pay day.
- Enclosed is a copy of the total amount of federal income tax, social security tax and Medicare tax withheld from employee paychecks, along with the employer amounts for January 2012, February 2012 and so far in March 2012.
- Also enclosed is documentation of payments to the IRS since the payment made for the January 31, 2012 payroll.
- Enclosed is a copy of the notification that the $20,112.15 penalty has been vacated.
- Enclosed is a copy of the evidence that the $5000 payment for March was made.
- Enclosed is documentation of the total amount of state income tax withheld from employee paychecks for January 2012, February 2012 and so far in March 2012.

- Also included are evidence of payments made to the ADOR since payments reflected in the information provided on February 8.
- Enclosed is a written statement reflecting the changes made to ensure taxes continue to be paid in a timely manner to both the IRS and ADOR.
- Enclosed is a written statement that includes the specific reasons for the increases in the back payroll taxes owed to the IRS and ADOR between June 30, 2011 and November 30, 2011.

If you have further questions, please do not hesitate to contact me at 602-864-1211. The additional documentation required prior to the April 9, 2012 board meeting will be supplied the first week of April, once the payment has been submitted. Westwind's pay days are the 5th and 20th of each month. Therefore, the taxes for the 5th are not due until the 8th. We can provide that information as well if you would like; but I realize that it will be the day before the meeting. Thank you for your patience and guidance in this matter.

Sincerely,

Debra K. Slagle, M.Ed.
Charter Representative

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

Statement Regarding Changes to Ensure Tax Obligations Are Met on Time

March 19, 2012

Since June 30, 2011, the administrative team for Westwind Children's Services has made significant changes to ensure that taxes continue to be paid in a timely manner. In the past 15 years since Westwind opened, this is the first time that we have had had delinquent payroll taxes. This is why the IRS vacated the first penalty of $20,112.15, because the organization had such a good track record of paying on time. The following are several of the actions taken to ensure the timely payment of taxes continues. However, additional measures will be taken if necessary, with the goal of restoring our excellent record of paying taxes on time.

- Staff cuts were made that have resulted in reducing the payroll expenses by over $200,000.
- Remaining staff received a 15% cut in pay, beginning with the current pay period.
- Taxes are now being paid automatically the day following payroll by the company that processes the organization's payroll.
- Most importantly, planning for the upcoming school year will be done even more conservatively than what has been done in the past; and administrative staff has been put in place who understand the importance of staying within a budget.
- Increased verifications of the status of revenue have been added to the organization's procedural safeguards.
- The lease agreement for WAA has been renegotiation for the upcoming year, with facility costs at 18% of *existing* enrollment, which means that significant increases in enrollment are not required to support the budget. This was done even though the enrollment has increased 100% in the last year.
- The current and original WPA site on Northern will be either sold and leased back or sold with the intent to move the school to a different site, with the ultimate goal of ensuring the facilities costs are less than %20 of revenue.

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

Statement of Reasons for Increase in Back Taxes Owed

The 2011-2012 school year has been the "Perfect Storm" for Westwind Children's Services (WCS). While several of the issues that have resulted in back taxes started prior to this fiscal year, their impact has been fully felt since July. These issues include the following:

- In the best interest of students, the continued employment of highly qualified teachers to teach the courses current upperclassmen needed for graduation, even though the class sizes were not at a high enough enrollment level to financially justify their continuance.
- Decreases in education funding.
- A significant decrease in enrollment.
- Lack of integrity of data provided by site administration during the initial planning for staffing for the upcoming year at WPA on Northern.
- Multiple failed attempts to address the financing of the facility, which is part of the initial bond pool for charter schools that was done in 2000. The structure of this financing did not allow for expansion of the facility to accommodate the capacity at the height of the school's enrollment.
- Lower enrollment than anticipated at the Westwind at Anthem site and unwillingness initially on the part of the landlord to renegotiate the lease to a level that could be supported by the lower enrollment.

Over the past fourteen years, WCS has had a stellar record of paying taxes on time, never missing a pay day, and never having to cut employee salaries or lay off employees due to budgetary issues. With occasional slight dips, our enrollment trended upward, and when issues arose, they were dealt with quickly. At the beginning of each year, we intentionally reported an Estimated Count 10 % to 20% less than the number of students we actually had enrolled, in an effort to avoid over payments.

EFTPS

Electronic Federal Tax Payment System

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TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC TIN: xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT Acknowledgement Number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER: 270245803541479

PLEASE NOTE

Any amounts represented in the subcategories of Social Security, Medicare, and Income Tax Withholding are for informational purposes only.

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Federal Tax Deposit
Tax Period	March/2012
Payment Amount	$21,906.15
Settlement Date	02/27/2012
Subcategories:	
1 Social Security	$12,452.76
2 Medicare	$3,472.36
3 Tax Withholding	$5,981.03

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PPE 2-15-12

pay day 2-20-12

PAYROLL TAX REPORT
WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 02/21/2012 WEEK 8 02/17/2012
PERIOD BEGIN 02/01/2012 PERIOD END 02/15/2012 PAGE 1

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	5981.03	106537.73	83	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	5029.00	119738.00	83	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1736.16	119738.00	83	
EMPLOYER OASDI	0.06200000	74-2801822	7423.76	119738.00	83	
EMPLOYER MEDICARE	0.01450000	74-2801822	1736.20	119738.00	83	
TOTAL FEDERAL TAXES			21906.15			
STATE WITHHOLDING						
*AZ STATE WITHHOLDING		742801822	2880.11	106537.73	83	
TOTAL STATE WITHHOLDING			2880.11			
EMPLOYER SUI						
*AZ EMPLOYER SUI	0.01790000	4708170	1741.81	97307.76	81	QUARTERLY
TOTAL EMPLOYER SUI			1741.81			
EMPLOYER OTHER #1						
*AZ JTT & SPEC ASSMT	0.00600000	4708170	583.85	97307.76	81	
TOTAL EMPLOYER OTHER #1			583.85			
TOTAL EMPLOYEE TAXES			15626.30			
TOTAL EMPLOYER TAXES			11485.62			
			==========			
TOTAL TAX LIABILITY			27111.92			
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR			27111.92			

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

*** You are responsible for initiating the deposit at least one banking day prior to the due date**

PAYROLL INFORMATION	
DIRECT DEPOSIT	69875.78
PAYROLL CHECKS	20595.58
MANUAL CHECKS	0.00
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	90471.36
GARNISHMENT PAYMENT SERVICE	0.00
AGENCY CHECKS	0.00
WCPS PREMIUM	829.10
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	599.54
	==========
TOTAL COST OF PAYROLL	119019.42
TAX DEPOSIT CHECKS	0.00

EFTPS Electronic Federal Tax Payment System

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TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC TIN: xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT Acknowledgement Number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER: 270244020066389

PLEASE NOTE

Any amounts represented in the subcategories of Social Security, Medicare, and Income Tax Withholding are for informational purposes only.

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Federal Tax Deposit
Tax Period	March/2012
Payment Amount	$24,437.05
Settlement Date	02/09/2012
Subcategories:	
1 Social Security	$13,055.19
2 Medicare	$3,640.40
3 Tax Withholding	$7,741.46

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PPE 1-31-12
pay day 2-5-12

PAYROLL TAX REPORT
WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 02/06/2012 WEEK 6 **02/02/2012**
PERIOD BEGIN 01/16/2012 PERIOD END 01/31/2012

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7741.46	111624.93	85	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	5272.26	125531.19	85	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1820.20	125531.19	85	
EMPLOYER OASDI	0.06200000	74-2801822	7782.93	125531.19	85	
EMPLOYER MEDICARE	0.01450000	74-2801822	1820.20	125531.19	85	
TOTAL FEDERAL TAXES			24437.05			
STATE WITHHOLDING						
*AZ STATE WITHHOLDING		742801822	3000.12	111624.93	85	
TOTAL STATE WITHHOLDING			3000.12			
EMPLOYER SUI						
*AZ EMPLOYER SUI	0.01790000	4708170	2121.75	118533.40	84	QUARTERLY
TOTAL EMPLOYER SUI			2121.75			
EMPLOYER OTHER #1						
*AZ JTT & SPEC ASSMT	0.00600000	4708170	711.20	118533.40	84	
TOTAL EMPLOYER OTHER #1			711.20			
TOTAL EMPLOYEE TAXES			17834.04			
TOTAL EMPLOYER TAXES			12436.08			
			==========			
TOTAL TAX LIABILITY			30270.12			
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR			30270.12			

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

*** You are responsible for initiating the deposit at least one banking day prior to the due date**

PAYROLL INFORMATION	
DIRECT DEPOSIT	79527.98
PAYROLL CHECKS	12483.89
MANUAL CHECKS	1145.55
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	93157.42
GARNISHMENT PAYMENT SERVICE	0.00
AGENCY CHECKS	0.00
WCPS PREMIUM	864.82
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	498.92
	==========
TOTAL COST OF PAYROLL	124798.78
TAX DEPOSIT CHECKS	0.00

EFTPS Electronic Federal Tax Payment System

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TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC TIN: xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT Acknowledgement Number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER: 270243315407296

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Federal Tax Deposit
Tax Period	March/2012
Payment Amount	$23,672.13
Settlement Date	02/02/2012

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PPE 1-15-12
payday 1-20-12

PAYROLL TAX REPORT
WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 01/20/2012 WEEK 3 **01/18/2012**
PERIOD BEGIN 01/01/2012 PERIOD END 01/15/2012

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7601.70	107412.16	87	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	5074.84	120830.83	87	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1752.03	120830.83	87	
EMPLOYER OASDI	0.06200000	74-2801822	7491.51	120830.83	87	
EMPLOYER MEDICARE	0.01450000	74-2801822	1752.05	120830.83	87	
TOTAL FEDERAL TAXES			23672.13			
STATE WITHHOLDING						
*AZ STATE WITHHOLDING		742801822	2884.88	107412.16	87	
TOTAL STATE WITHHOLDING			2884.88			
EMPLOYER SUI						
*AZ EMPLOYER SUI	0.01790000	4708170	2142.59	119697.77	87	QUARTERLY
TOTAL EMPLOYER SUI			2142.59			
EMPLOYER OTHER #1						
*AZ JTT & SPEC ASSMT	0.00600000	4708170	718.19	119697.77	87	
TOTAL EMPLOYER OTHER #1			718.19			
TOTAL EMPLOYEE TAXES			17313.45			
TOTAL EMPLOYER TAXES			12104.34			
			==========			
TOTAL TAX LIABILITY			29417.79			
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR			29417.79			

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

*** You are responsible for initiating the deposit at least one banking day prior to the due date**

PAYROLL INFORMATION	
DIRECT DEPOSIT	74379.72
PAYROLL CHECKS	14591.23
MANUAL CHECKS	0.00
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	88970.95
GARNISHMENT PAYMENT SERVICE	133.45
AGENCY CHECKS	0.00
WCPS PREMIUM	840.55
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	524.70
	==========
TOTAL COST OF PAYROLL	119894.94
TAX DEPOSIT CHECKS	0.00

Total amount of federal income taxes

CHASE

Account Activity

Print Help with this page

I'd like to...

- Pay bills
- See statements
- See account notices
- See more choices

Access Manager Payroll

Activity for .... BUSINESSPLUS EXTRA (...6461) [Show]

Details for BUSINESSPLUS EXTRA (...6461)

Present Balance	[redacted]	Uncollected funds – Total	$0.00
Available Balance	[redacted]		
Available Credit	$0.00		
Available Plus Credit	[redacted]		

Need your full account number?

Show me... ACH Debit [Show] Next >

Transaction Results (1 - 32) for BUSINESSPLUS EXTRA (...6461) Search transactions

Date	Type	Description	Debit	Credit
03/05/2012	ACH Debit	PAYCHEX TPS TAXES 4394520001026 7X CCD ID: 1161124166	$26,474.45	

PPE 2-28-12 PR taxes

IRS
State) see attached report

PAYROLL TAX REPORT
WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 03/05/2012 WEEK 10 **03/01/2012**
PERIOD BEGIN 02/16/2012 PERIOD END 02/29/2012

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7175.64	103417.20	81	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	4877.49	116132.30	81	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1683.90	116132.30	81	
EMPLOYER OASDI	0.06200000	74-2801822	7200.20	116132.30	81	
EMPLOYER MEDICARE	0.01450000	74-2801822	1683.92	116132.30	81	
TOTAL FEDERAL TAXES			22621.15			
STATE WITHHOLDING						
AZ STATE WITHHOLDING		742801822	2744.78	103417.20	81	
TOTAL STATE WITHHOLDING			2744.78			
EMPLOYER SUI						
AZ EMPLOYER SUI	0.01790000	4708170	830.23	46381.54	59	QUARTERLY
TOTAL EMPLOYER SUI			830.23			
EMPLOYER OTHER #1						
AZ JTT & SPEC ASSMT	0.00600000	4708170	278.29	46381.54	59	
TOTAL EMPLOYER OTHER #1			278.29			
TOTAL EMPLOYEE TAXES			16481.81			
TOTAL EMPLOYER TAXES			9992.64			
			==========			
TOTAL TAX LIABILITY			26474.45			
TOTAL AMOUNT DEBITED FROM YOUR TAX ACCOUNT			26474.45			
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR			0.00			

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

PAYROLL INFORMATION	
DIRECT DEPOSIT	74723.15
PAYROLL CHECKS	9378.69
MANUAL CHECKS	2078.75
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	86180.59
GARNISHMENT PAYMENT SERVICE	0.00
AGENCY CHECKS	0.00
WCPS PREMIUM	858.81
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	488.71
	==========
TOTAL COST OF PAYROLL	114010.06

KD 01 201106 670 8647 K L 81154-406-15446-2 B0049735 220
201203 007661 85021 IRS USE ONLY 742801822 TE F

Department of the Treasury
Internal Revenue Service
Ogden UT 84201-0039

Documentation of Penalty removal letter

For assistance, call:
1-800-829-0115

Notice Number: CP220
Date: January 30, 2012

Taxpayer Identification Number:
74-2801822
Tax Form: 941
Tax Period: June 30, 2011

000678.934242.0005.001 1 AB 0.374 870

WESTWIND CHILDRENS SERVICES INC
% JAMES F CABLE
2045 W NORTHERN AVE
PHOENIX AZ 85021-5157

000678

29141-327-52077-1

Statement of Adjustment to Your Account

Balance Due on Account Before Adjustment		$87,092.30

Adjustment Computation

Penalty Decrease - Federal Tax Deposit	$6,594.13	
Penalty Decrease - Filing Return Late	$11,869.48	
Penalty Decrease - Late Penalty Removed	$1,648.54	
Interest Charged	$72.18	
Net Adjustment Credit		$20,039.97 $20112.15
Total Amount You Owe		**$67,052.33**

This is a result of your inquiry of January 4, 2012.

We are pleased to inform you that your request to remove the penalty(s) has been granted. However, this action has been taken based solely on your compliance history rather than on the information you provided. This type of penalty removal is a one-time consideration available only for a first-time penalty charge. Any future penalties will only be removed based on your providing information that meets reasonable cause criteria.

What You Need to Do

Pay the amount you owe now by using one of the following methods. To avoid additional penalty and/or interest, we must receive your payment by February 20, 2012. The Electronic Federal Tax Payment System (EFTPS) is the preferred method to ensure your tax payments are on time and secure.

- **EFTPS**
  - If you are currently enrolled, go to www.eftps.gov or call 1-800-555-4477.
  - To learn more about EFTPS and other electronic payment options, including credit card payments, visit www.irs.gov keyword: e-pay.

We charged interest because you did not pay your tax on time. Generally, we calculate interest from the due date of your return (regardless of extensions) until you pay your tax in full. The interest rate is variable and may change quarterly. We charge interest on all penalties except estimated tax penalties.

(Internal Revenue Code section 6601)

The table below shows how we figured your interest. It may include amounts charged before the Adjustment. We multiplied the factor times the principal.

000678

From Date	To Date	Days	Rate	Factor	Principal	Interest
07/31/2011	09/30/2011	61	4.0%	0.006706957	65941.53	442.27
09/30/2011	12/19/2011	80	3.0%	0.006596736	66383.80	437.92
12/19/2011	12/31/2011	12	3.0%	0.000986747	66821.72	65.94
12/31/2011	01/30/2012	30	3.0%	0.002461941	66887.66	164.67
				Total Interest:		1110.80

Corporate Interest - We charge additional interest of 2% if, according to our records, you didn't make your corporate tax payment within 30 days after the IRS notified you of the underpayment of tax. This interest begins on the 31st day after we notify you of the underpayment on tax amounts you owe over $100,000, minus your timely payments and credits.

19 Interest - Additional Interest Charges

If the amount you owe is $100,000 or more, please make sure that we receive your payment within 10 work days from the date of your notice. If the amount you owe is less than $100,000, please make sure that we receive your payment within 21 calendar days from the date of your notice. If we don't receive full payment within these time frames, the law requires us to charge interest until you pay the full amount you owe.

********** ADDITIONAL ACCOUNT INFORMATION **********

- We applied a credit of $5,000.00 to your account. Your new balance is $62,047.01.

For tax forms, instructions and information visit **www.irs.gov**. (Access to this site will not provide you with your specific taxpayer account information.)

EFTPS

TAXPAYER NAME : WESTWIND CHILDRENS SERVICES INC	TIN : xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT acknowledgement number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER:	270246541963259

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Balance due on return or notice
Tax Period	June/2011
Payment Amount	$5,000.00
Settlement Date	03/05/2012

march payment to IRS (back taxes)

Westwind Children's Services
Bill Payments for Arizona Department of Revenue
July 2011 through June 2012

Type	Num	Date	Amount
Jul '11 - Jun 12			
Bill Pmt -Check	10194	2/22/2012	2,880.11 ✓
Bill Pmt -Check	10190	2/7/2012	3,000.12 ✓
Bill Pmt -Check	10159	1/19/2012	2,884.88
Bill Pmt -Check	10148	1/5/2012	2,822.32 – reported earlier
Jul '11 - Jun 12			**11,587.43**

After PPE 2-28-12, ACH pay by Paychex

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10194 **Post Date:** 03/01/2012 **Amount of Check:** $2,880.11

WESTWIND PREPARATORY ACADEMY
2045 W. NORTHERN AVE
PHOENIX, AZ 85021-5157
602.864.7731

CHASE
7801 N 19TH AVE
PHOENIX, AZ 85021
81-271221

10194

2/22/2012

PAY TO THE ORDER OF Arizona Department of Revenue $ **2,880.11

Two Thousand Eight Hundred Eighty and 11/100********** DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO
74-2801822

AUTHORIZED SIGNATURE

Security Features Included Details on back.

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PPE 2-15-12

payday 2-21-12

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10190 **Post Date:** 02/09/2012 **Amount of Check:** $3,000.12

WESTWIND PREPARATORY ACADEMY
2045 W. NORTHERN AVE
PHOENIX, AZ 85021-5157
602.864.7731

CHASE
7801 N 19TH AVE
PHOENIX, AZ 85021
91-2/1221

10190

2/7/2012

PAY TO THE ORDER OF Arizona Department of Revenue $**3,000.12

Three Thousand and 12/100********** DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO
74-2801822

AUTHORIZED SIGNATURE

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PPE 1-31-12
payday 2-6-12

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10159 **Post Date:** 01/31/2012 **Amount of Check:** $2,884.88

WESTWIND PREPARATORY ACADEMY
2045 W. NORTHERN AVE
PHOENIX, AZ 85021-5157
602.864.7731

CHASE
7801 N 19TH AVE
PHOENIX, AZ 85021
91-2/1221

10159

1/19/2012

PAY TO THE ORDER OF Arizona Department of Revenue $ **2,884.88

Two Thousand Eight Hundred Eighty-Four and 88/100********** DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO
74-2801822

AUTHORIZED SIGNATURE

Security Features Included Details on Back

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PPE 1-15-12

payday 1-20-12

Andrea Leder

From: Andrea Leder
Sent: Friday, March 23, 2012 4:29 PM
To: 'Cynthia Eichler'; 'Debra Slagle'
Subject: RE: Westwind Children's Services Charter Renewal

Debra Slagle,
This afternoon I received the mailed copy of the corrective action plan. The mailed corrective action plan included some items that were not included in the emailed version. Based on this information, I would like to revise the request I made in the letter I sent to you this morning. By **Friday, March 30, 2012**, please provide:

- The total amount of federal income tax, Social Security tax and Medicare tax withheld from employees' paychecks along with the employer amounts for the pay period ending December 31, 2011 (pay date January 5, 2012).
- The total amount of state income tax withheld from employees' paychecks for the pay period ending December 31, 2011 (pay date January 5, 2012).
- Evidence that the remaining back taxes owed to the Arizona Department of Revenue were paid in March. If the charter holder's plans regarding the payment of these back taxes have been revised since the February 8th response, please provide an update on the timeline for paying these taxes.

Additionally, please provide the information requested in the second to last paragraph on page 2 of this morning's letter – "In the March 19th letter, the charter holder indicates the pay days are the 5th and 20th of each month. The charter holder states that the taxes for the April 5th pay day are not due until April 8th. The charter holder indicates that it will provide this information if Board staff would like it, but realizes that the information will be provided on the day before the Monday meeting. In lieu of providing the information for the April 5th pay day, please submit the information for the March 20th pay day. If reasonable, please provide this information by **Friday, March 30, 2012**. Otherwise, please provide this information when you submit during the first week of April evidence of the $5,000 April payment to the IRS."

If you have any questions, please let me know.

Thanks,
Andrea

From: Andrea Leder
Sent: Friday, March 23, 2012 6:55 AM
To: 'Cynthia Eichler'; 'Debra Slagle'
Subject: RE: Westwind Children's Services Charter Renewal
Importance: High

Debra Slagle,
Please review the attached letter regarding the incomplete fiscal year 2011 audit corrective action plan emailed to our office. Please note that the mailed copy, which may be complete, has not yet been received by our office.

If you have any questions, please let me know.

Thanks,
Andrea

Andrea Leder
Arizona State Board for Charter Schools
1700 W. Washington Street, Room 164

Phoenix, AZ 85007
Phone: (602) 364-3106
Fax: (602) 364-3089
http://asbcs.az.gov

From: Cynthia Eichler [mailto:ceichler@westwindacademy.org]
Sent: Wednesday, March 21, 2012 4:11 PM
To: Andrea Leder
Subject: Westwind Children's Services Charter Renewal

Hello Ms. Leder,

On behalf of Debra Slagle, I am forwarding the attached letter and supporting documents. Please note that I am also mailing a hard copy of the above mentioned documents.

Respectfully yours,

Cynthia Eichler

Administrative Assistant

to the Superintendent

Westwind Community Schools

(602) 864 - 1211

RECEIVED

MAR 28 2012

Westwind Children's Services
Westwind Community Schools
2045 West Northern Avenue Phoenix AZ 85021

Phone 602.864.7731
Fax 602.864.7720
www.westwindacademy.org

March 28, 2012

Ms. Andrea Leder
Arizona State Board for Charter Schools
1700 West Washington Street, Room 164
Phoenix, Arizona 85007

Dear Ms. Leder:

I would like to start by apologizing for the items that were inadvertently left out of our response last week. I asked Eno Csontos, our business manager/CFO, to very clearly mark each item as an exhibit and include a guide for those exhibits to make it as easy as possible for you to identify the items since you have already had to take additional time with our situation. Hopefully this will help cut down on your time spent trying to determine whether or not all the items you requested are there.

With regard to the ADOR payments, our plan had been modified from making the payment earlier to making that payment on April 2, 2012. However, on March 21st, we received a letter from ADOR, indicating the funds had been levied in our account. Ms. Csontos spoke with ADOR this morning regarding our desire to pay the full amount on April 2nd. Our instructions are to deliver a cashier's check in the amount of $18,914.16 on April 2nd, which will make us current with ADOR and remove the levy on the funds in the account. We will send that receipt to you promptly after making the payment on April 2nd.

We will also provide you with evidence of our April IRS payment next week. Once again, Andrea, thank you for your patience. I believe we have made a viable plan to resolve these issues, and we are working the plan. I recognize your need for the evidence that we are doing so and appreciate the opportunity to provide it.

Sincerely,

Debra K. Slagle, M.Ed.
Charter Representative

Westwind Children's Services, Inc.

Exhibit A	A copy of the notification that the $20,112.15 penalty has been vacated by the IRS
Exhibit B	Evidence that the $5,000 payment for March was made to the IRS
Exhibit C - 1	PPE 12/31/11 taxes breakdown and payment
Exhibit C - 2	PPE 01/15/12 taxes breakdown and payment
Exhibit C - 3	PPE 01/31/12 taxes breakdown and payment
Exhibit C - 4	PPE 02/15/12 taxes breakdown and payment
Exhibit C - 5	PPE 02/29/12 taxes breakdown and payment
Exhibit C - 6	PPE 03/15/12 taxes breakdown and payment
Exhibit D	Amount due to ADOR as of March 28 = $18,908.16 per ADOR collection officer Will pay with cashier's check in person on April 2, 2012 = $18,914.16 inc. $6.00 interest

Exhibit A

KD 01 201106 670 8647 K L 81154-406-15446-2 B0049735 220
201203 007661 85021 IRS USE ONLY 742801822 TE F

Department of the Treasury
Internal Revenue Service
Ogden UT 84201-0039

Documentation of Penalty removal letter

For assistance, call:
1-800-829-0115

Notice Number: CP220
Date: January 30, 2012

Taxpayer Identification Number:
74-2801822
Tax Form: 941
Tax Period: June 30, 2011

000678.934242.0005.001 1 AB 0.374 870

WESTWIND CHILDRENS SERVICES INC
% JAMES F CABLE
2045 W NORTHERN AVE
PHOENIX AZ 85021-5157

000678

29141-327-52077-1

Statement of Adjustment to Your Account

Balance Due on Account Before Adjustment		$87,092.30
Adjustment Computation		
Penalty Decrease - Federal Tax Deposit	$6,594.13	
Penalty Decrease - Filing Return Late	$11,869.48	
Penalty Decrease - Late Penalty Removed	$1,648.54	
Interest Charged	$72.18	
Net Adjustment Credit		$20,039.97 $20112.15
Total Amount You Owe		**$67,052.33**

This is a result of your inquiry of January 4, 2012.

We are pleased to inform you that your request to remove the penalty(s) has been granted. However, this action has been taken based solely on your compliance history rather than on the information you provided. This type of penalty removal is a one-time consideration available only for a first-time penalty charge. Any future penalties will only be removed based on your providing information that meets reasonable cause criteria.

What You Need to Do

Pay the amount you owe now by using one of the following methods. To avoid additional penalty and/or interest, we must receive your payment by February 20, 2012. The Electronic Federal Tax Payment System (EFTPS) is the preferred method to ensure your tax payments are on time and secure.

- **EFTPS**
  - If you are currently enrolled, go to www.eftps.gov or call 1-800-555-4477.
  - To learn more about EFTPS and other electronic payment options, including credit card payments, visit www.irs.gov keyword: e-pay.

We charged interest because you did not pay your tax on time. Generally, we calculate interest from the due date of your return (regardless of extensions) until you pay your tax in full. The interest rate is variable and may change quarterly. We charge interest on all penalties except estimated tax penalties.

(Internal Revenue Code section 6601)

The table below shows how we figured your interest. It may include amounts charged before the Adjustment. We multiplied the factor times the principal.

00678

From Date	To Date	Days	Rate	Factor	Principal	Interest
07/31/2011	09/30/2011	61	4.0%	0.006706957	65941.53	442.27
09/30/2011	12/19/2011	80	3.0%	0.006596736	66383.80	437.92
12/19/2011	12/31/2011	12	3.0%	0.000986747	66821.72	65.94
12/31/2011	01/30/2012	30	3.0%	0.002461941	66887.66	164.67
				Total Interest:		1110.80

Corporate Interest - We charge additional interest of 2% if, according to our records, you didn't make your corporate tax payment within 30 days after the IRS notified you of the underpayment of tax. This interest begins on the 31st day after we notify you of the underpayment on tax amounts you owe over $100,000, minus your timely payments and credits.

19 Interest - Additional Interest Charges

If the amount you owe is $100,000 or more, please make sure that we receive your payment within 10 work days from the date of your notice. If the amount you owe is less than $100,000, please make sure that we receive your payment within 21 calendar days from the date of your notice. If we don't receive full payment within these time frames, the law requires us to charge interest until you pay the full amount you owe.

********** ADDITIONAL ACCOUNT INFORMATION **********

- We applied a credit of $5,000.00 to your account. Your new balance is $62,047.01.

For tax forms, instructions and information visit **www.irs.gov**. (Access to this site will not provide you with your specific taxpayer account information.)

Exhibit B

EFTPS

TAXPAYER NAME : WESTWIND CHILDRENS SERVICES INC	TIN : xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT acknowledgement number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER:	270246541963259

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Balance due on return or notice
Tax Period	June/2011
Payment Amount	$5,000.00
Settlement Date	03/05/2012

missed payment to IRS (penalties)

Summary of PR taxes break-down**

Pay Period Ending	W/H	FICA- EE	Federal Total Employee	FICA - ER Employer	Total	State W/H	Footnote
12/31/11	7,584.32	6,634.75	14,219.07	8,983.40	23,202.47	2,822.32	Exhibit C-1
01/15/12	7,601.70	6,826.87	14,428.57	9,243.56	23,672.13	2,884.88	Exhibit C-2
01/31/12	7,741.46	7,092.46	14,833.92	9,603.13	24,437.05	3,000.12	Exhibit C-3
02/15/12	5,981.03	6,765.16	12,746.19	9,159.96	21,906.15	2,880.11	Exhibit C-4
02/29/12	7,175.64	6,561.39	13,737.03	8,884.12	22,621.15	2,744.78	Exhibit C-5 ***
03/15/12	7,036.18	6,366.34	13,402.52	8,619.97	22,022.49	2,703.16	Exhibit C-6 ***
Taxes due	43,120.33	40,246.97	83,367.30	54,494.14	137,861.44	17,035.37	
Paid	(43,120.33)	(40,246.97)	(83,367.30)	(54,494.14)	(137,861.44)	(17,035.37)	
Taxes due	-	-	-	-	-	-	

** See Attached - Paychex summary pages for each pay period (Exhibit C 1 thru 6)

*** Beginning PPE 02/29/12, PR taxes are paid thru ACH debit via Paychex

Exhibit C-1

TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC

TIN: xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT Acknowledgement Number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER:	270240**62397672**

PLEASE NOTE

Any amounts represented in the subcategories of Social Security, Medicare, and Income Tax Withholding are for informational purposes only.

Payment Information	**Entered Data**
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Federal Tax Deposit
Tax Period	March/2012
Payment Amount	$23,202.47
Settlement Date	01/06/2012
Subcategories:	
1 Social Security	$12,212.67
2 Medicare	$3,405.48
3 Tax Withholding	$7,584.32

Exhibit C-1

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10148 **Post Date:** 01/10/2012 **Amount of Check:** $2,822.32

WESTWIND PREPARATORY ACADEMY
2945 W. NORTHERN AVE
PHOENIX, AZ 85021-5157
602.864.7731

CHASE
7801 N 19TH AVE
PHOENIX, AZ 85021
91-2/1221

10148

1/5/2012

PAY TO THE ORDER OF Arizona Department of Revenue $ **2,822.32

Two Thousand Eight Hundred Twenty-Two and 32/100********** DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO

AUTHORIZED SIGNATURE

Details on Back.

Security Features Included

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FOR DEPOSIT ONLY
ARIZONA STATE TREAS
DEPT OF REVENUE
REMITTANCE

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Exhibit C-1

PAYROLL TAX REPORT

WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 01/05/2012 WEEK 1 **01/04/2012**
PERIOD BEGIN 12/16/2011 PERIOD END 12/31/2011 **PAGE 1**

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7584.32	104230.26	79	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	4932.01	117430.06	79	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1702.74	117430.06	79	
EMPLOYER OASDI	0.06200000	74-2801822	7280.66	117430.06	79	
EMPLOYER MEDICARE	0.01450000	74-2801822	1702.74	117430.06	79	
TOTAL FEDERAL TAXES			23202.47			
STATE WITHHOLDING						
*AZ STATE WITHHOLDING		742801822	2822.32	104230.26	79	
TOTAL STATE WITHHOLDING			2822.32			
EMPLOYER SUI						
*AZ EMPLOYER SUI	0.01790000	4708170	2102.00	117430.06	79	QUARTERLY
TOTAL EMPLOYER SUI			2102.00			
EMPLOYER OTHER #1						
*AZ JTT & SPEC ASSMT	0.00500000	4708170	587.15	117430.06	79	
TOTAL EMPLOYER OTHER #1			587.15			

SS = 1271160
MC = 345548
Fed = 7584.32
23202.47

TOTAL EMPLOYEE TAXES	17041.39
TOTAL EMPLOYER TAXES	11672.55
	==========
TOTAL TAX LIABILITY	28713.94
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR	28713.94

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

*** You are responsible for initiating the deposit at least one banking day prior to the due date**

PAYROLL INFORMATION	
DIRECT DEPOSIT	77168.06
PAYROLL CHECKS	8925.96
MANUAL CHECKS	207.81
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	86301.83
GARNISHMENT PAYMENT SERVICE	251.84
AGENCY CHECKS	0.00
WCPS PREMIUM	817.16
WCPS OTHER ADJUSTMENTS	3.75
BILLING PAYMENT	1386.61
	==========
TOTAL COST OF PAYROLL	117475.13
TAX DEPOSIT CHECKS	0.00

Exhibit C-2

EFTPS

Electronic Federal Tax Payment System

HOME | ENROLLMENT | MY PROFILE | PAYMENTS | HELP & INFORMATION | CONTACT US | LOGOUT

TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC TIN: xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT Acknowledgement Number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER: 270243315407296

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Federal Tax Deposit
Tax Period	March/2012
Payment Amount	$23,672.13
Settlement Date	02/02/2012

Home | Enrollment | My Profile | Payments | Help & Information | Contact Us | Logout

PPE 1-15-12
payday 1-20-12

Exhibit C-2

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10159 Post Date: 01/31/2012 Amount of Check: $2,884.88

WESTWIND PREPARATORY ACADEMY
2045 W. NORTHERN AVE
PHOENIX, AZ 85021-5157
602.864.7731

CHASE
7801 N 19TH AVE
PHOENIX, AZ 85021
91-2/1221

10159

1/19/2012

PAY TO THE ORDER OF Arizona Department of Revenue $**2,884.88

Two Thousand Eight Hundred Eighty-Four and 88/100********** DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO
74-2801822

AUTHORIZED

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PPE 1-15-12

Pay day 1-20-12

Exhibit C-2

PAYROLL TAX REPORT
WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 01/20/2012 WEEK 3 01/18/2012
PERIOD BEGIN 01/01/2012 PERIOD END 01/15/2012 PAGE 1

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7601.70	107412.16	87	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	5074.84	120830.83	87	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1752.03	120830.83	87	
EMPLOYER OASDI	0.06200000	74-2801822	7491.51	120830.83	87	
EMPLOYER MEDICARE	0.01450000	74-2801822	1752.05	120830.83	87	
TOTAL FEDERAL TAXES			23672.13			
STATE WITHHOLDING						
*AZ STATE WITHHOLDING		742801822	2884.88	107412.16	87	
TOTAL STATE WITHHOLDING			2884.88			
EMPLOYER SUI						
*AZ EMPLOYER SUI	0.01790000	4708170	2142.59	119697.77	87	QUARTERLY
TOTAL EMPLOYER SUI			2142.59			
EMPLOYER OTHER #1						
*AZ JTT & SPEC ASSMT	0.00600000	4708170	718.19	119697.77	87	
TOTAL EMPLOYER OTHER #1			718.19			
TOTAL EMPLOYEE TAXES			17313.45			
TOTAL EMPLOYER TAXES			12104.34			
			==========			
TOTAL TAX LIABILITY			29417.79			
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR			29417.79			

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

*** You are responsible for initiating the deposit at least one banking day prior to the due date**

PAYROLL INFORMATION	
DIRECT DEPOSIT	74379.72
PAYROLL CHECKS	14591.23
MANUAL CHECKS	0.00
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	88970.95
GARNISHMENT PAYMENT SERVICE	133.45
AGENCY CHECKS	0.00
WCPS PREMIUM	840.55
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	524.70
	==========
TOTAL COST OF PAYROLL	119894.94
TAX DEPOSIT CHECKS	0.00

Exhibit C-3

EFTPS Electronic Federal Tax Payment System

HOME | ENROLLMENT | MY PROFILE | PAYMENTS | HELP & INFORMATION | CONTACT US | LOGOUT

TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC TIN: xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT Acknowledgement Number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER: 270244020066389

PLEASE NOTE

Any amounts represented in the subcategories of Social Security, Medicare, and Income Tax Withholding are for informational purposes only.

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Federal Tax Deposit
Tax Period	March/2012
Payment Amount	$24,437.05
Settlement Date	02/09/2012
Subcategories:	
1 Social Security	$13,055.19
2 Medicare	$3,640.40
3 Tax Withholding	$7,741.46

Home | Enrollment | My Profile | Payments | Help & Information | Contact Us | Logout

PPE 1-31-12
payday 2-5-12

Exhibit C-3

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10190

Post Date: 02/09/2012

Amount of Check: $3,000.12

WESTWIND PREPARATORY ACADEMY
2045 W. NORTHERN AVE
PHOENIX, AZ 85021-5137
602.864.7731

CHASE
7801 N 19TH AVE
PHOENIX, AZ 85021
81-2/1221

10190

2/7/2012

PAY TO THE ORDER OF Arizona Department of Revenue $ *3,000.12

Three Thousand and 12/100********** DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO 74-2801822

AUTHORIZED SIGNATURE

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PPE 1-31-12

payday 2-4-12

Exhibit C-3

PAYROLL TAX REPORT
WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 02/06/2012 WEEK 6 02/02/2012
PERIOD BEGIN 01/16/2012 PERIOD END 01/31/2012 PAGE 1

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7741.46	111624.93	85	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	5272.26	125531.19	85	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1820.20	125531.19	85	
EMPLOYER OASDI	0.06200000	74-2801822	7782.93	125531.19	85	
EMPLOYER MEDICARE	0.01450000	74-2801822	1820.20	125531.19	85	
TOTAL FEDERAL TAXES			24437.05			
STATE WITHHOLDING						
*AZ STATE WITHHOLDING		742801822	3000.12	111624.93	85	
TOTAL STATE WITHHOLDING			3000.12			
EMPLOYER SUI						
*AZ EMPLOYER SUI	0.01790000	4708170	2121.75	118533.40	84	QUARTERLY
TOTAL EMPLOYER SUI			2121.75			
EMPLOYER OTHER #1						
*AZ JTT & SPEC ASSMT	0.00600000	4708170	711.20	118533.40	84	
TOTAL EMPLOYER OTHER #1			711.20			

TOTAL EMPLOYEE TAXES	17834.04
TOTAL EMPLOYER TAXES	12436.08
	==========
TOTAL TAX LIABILITY	30270.12
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR	30270.12

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

*** You are responsible for initiating the deposit at least one banking day prior to the due date**

PAYROLL INFORMATION

DIRECT DEPOSIT	79527.98
PAYROLL CHECKS	12483.89
MANUAL CHECKS	1145.55
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	93157.42
GARNISHMENT PAYMENT SERVICE	0.00
AGENCY CHECKS	0.00
WCPS PREMIUM	864.82
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	498.92
	==========
TOTAL COST OF PAYROLL	124798.78
TAX DEPOSIT CHECKS	0.00

Exhibit C-4

PAYROLL TAX REPORT
WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 02/21/2012 WEEK 8 02/17/2012
PERIOD BEGIN 02/01/2012 PERIOD END 02/15/2012 PAGE 1

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	5981.03	106537.73	83	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	5029.00	119738.00	83	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1736.16	119738.00	83	
EMPLOYER OASDI	0.06200000	74-2801822	7423.76	119738.00	83	
EMPLOYER MEDICARE	0.01450000	74-2801822	1736.20	119738.00	83	
TOTAL FEDERAL TAXES			21906.15			
STATE WITHHOLDING						
*AZ STATE WITHHOLDING		742801822	2880.11	106537.73	83	
TOTAL STATE WITHHOLDING			2880.11			
EMPLOYER SUI						
*AZ EMPLOYER SUI	0.01790000	4708170	1741.81	97307.76	81	QUARTERLY
TOTAL EMPLOYER SUI			1741.81			
EMPLOYER OTHER #1						
*AZ JTT & SPEC ASSMT	0.00600000	4708170	583.85	97307.76	81	
TOTAL EMPLOYER OTHER #1			583.85			

TOTAL EMPLOYEE TAXES	15626.30
TOTAL EMPLOYER TAXES	11485.62
	==========
TOTAL TAX LIABILITY	27111.92
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR	27111.92

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

*** You are responsible for initiating the deposit at least one banking day prior to the due date**

PAYROLL INFORMATION

DIRECT DEPOSIT	69875.78
PAYROLL CHECKS	20595.58
MANUAL CHECKS	0.00
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	90471.36
GARNISHMENT PAYMENT SERVICE	0.00
AGENCY CHECKS	0.00
WCPS PREMIUM	829.10
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	599.54
	==========
TOTAL COST OF PAYROLL	119019.42
TAX DEPOSIT CHECKS	0.00

Exhibit C-4

Evidence of PPE 2/15/12 IRS Payment

EFTPS

Electronic Federal Tax Payment System

HOME | ENROLLMENT | MY PROFILE | PAYMENTS | HELP & INFORMATION | CONTACT US | LOGOUT

TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC TIN: xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT Acknowledgement Number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER: 270245803541479

PLEASE NOTE

Any amounts represented in the subcategories of Social Security, Medicare, and Income Tax Withholding are for informational purposes only.

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Federal Tax Deposit
Tax Period	March/2012
Payment Amount	$21,906.15
Settlement Date	02/27/2012
Subcategories:	
1 Social Security	$12,452.76
2 Medicare	$3,472.36
3 Tax Withholding	$5,981.03

PPE 2-15-12

payday 2-28-12

Exhibit C-4

Chase Online

BUSINESSPLUS EXTRA (...1163)

Check Number: 10194 Post Date: 03/01/2012 Amount of Check: $2,880.11

WESTWIND PREPARATORY ACADEMY
2045 W. NORTHERN AVE
PHOENIX, AZ 85021-5157
602.864.7731

CHASE
7801 N 16TH AVE
PHOENIX, AZ 85021
81-2/1221

10194

2/22/2012

PAY TO THE ORDER OF Arizona Department of Revenue $ **2,880.11

Two Thousand Eight Hundred Eighty and 11/100********** DOLLARS

Arizona Department of Revenue
P O Box 29085
Phoenix, AZ 85038-9085
Attn: WH tax

MEMO
74-2801822

AUTHORIZED S

Need help printing or saving this check?

Need help printing or saving this check?

© 2012 JPMorgan Chase & Co.

PPE 2-15-12

payday 2-21-12

Exhibit C-5 Total amount of federal income taxes

CHASE

Account Activity

Print Help with this page

I'd like to...

- Pay bills
- See statements
- See account notices
- See more choices

Access Manager Payroll

Activity for .... BUSINESSPLUS EXTRA (...6461) [Show]

Details for BUSINESSPLUS EXTRA (...6461)

Present Balance	[redacted]	Uncollected funds – Total	$0.00
Available Balance	[redacted]		
Available Credit	$0.00		
Available Plus Credit	[redacted]		

Need your full account number?

Show me... ACH Debit [Show] Next >

Transaction Results (1 - 32) for BUSINESSPLUS EXTRA (...6461)

Search transactions

Date	Type	Description	Debit	Credit
03/05/2012	ACH Debit	PAYCHEX TPS TAXES 43945200010267X CCD ID: 1161124166	$26,474.45	

→ paychex debits all taxes inc SUI (SUI pays quarterly)

PPE 2-29-12 PR taxes (IRS State) see attached report

22621.15 - Fed
2744.78 - State
1108.52 - SUI
26474.45

Exhibit C-5

PAYROLL TAX REPORT

WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 03/05/2012 WEEK 10 03/01/2012
PERIOD BEGIN 02/16/2012 PERIOD END 02/29/2012 PAGE 1

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7175.64	103417.20	81	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	4877.49	116132.30	81	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1683.90	116132.30	81	
EMPLOYER OASDI	0.06200000	74-2801822	7200.20	116132.30	81	
EMPLOYER MEDICARE	0.01450000	74-2801822	1683.92	116132.30	81	
TOTAL FEDERAL TAXES			22621.15			
STATE WITHHOLDING						
AZ STATE WITHHOLDING		742801822	2744.78	103417.20	81	
TOTAL STATE WITHHOLDING			2744.78			
EMPLOYER SUI						
AZ EMPLOYER SUI	0.01790000	4708170	830.23	46381.54	59	QUARTERLY
TOTAL EMPLOYER SUI			830.23			
EMPLOYER OTHER #1						
AZ JTT & SPEC ASSMT	0.00600000	4708170	278.29	46381.54	59	
TOTAL EMPLOYER OTHER #1			278.29			
TOTAL EMPLOYEE TAXES			16481.81			
TOTAL EMPLOYER TAXES			9992.64			
			==========			
TOTAL TAX LIABILITY			26474.45			
TOTAL AMOUNT DEBITED FROM YOUR TAX ACCOUNT			26474.45			
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR			0.00			

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

PAYROLL INFORMATION	
DIRECT DEPOSIT	74723.15
PAYROLL CHECKS	9378.69
MANUAL CHECKS	2078.75
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	86180.59
GARNISHMENT PAYMENT SERVICE	0.00
AGENCY CHECKS	0.00
WCPS PREMIUM	858.81
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	488.71
	==========
TOTAL COST OF PAYROLL	114010.06

Exhibit C-6

Chase Online

March 20 pay
PPE 03/15/12
Evidence of taxes
paid

Activity for .... BUSINESSPLUS EXTRA (...6461)

Details for BUSINESSPLUS EXTRA (...6461)

Present Balance	[redacted]	Uncollected funds – Total	$0.00
Available Balance	[redacted]		
Available Credit	$0.00		
Available Plus Credit	[redacted]		

Deposits on Hold (1 hold, total: $13579.46) **Show hold information**

Transaction Results (1 - 32) for BUSINESSPLUS EXTRA (...6461) Next

ACH Debit **Search Transactions**

Date	Type	Description	Debit	Credit
03/20/2012	ACH Debit	PAYCHEX TPS TAXES 44164800000861X CCD ID: 1161124166	$25,353.94	

Federal 22022.49
state 2703.16
SUI 628.29
25353.94

Exhibit C-4

PAYROLL TAX REPORT

WESTWIND CHILDRENS SERVICES - Q061

CHECK DATE 03/20/2012 WEEK 12 03/16/2012
PERIOD BEGIN 03/01/2012 PERIOD END 03/15/2012 PAGE 1

TAX TYPE	RATE	TAX-ID	AMOUNT	WAGES	# EMPLS	FREQ
TAX INFORMATION						
FEDERAL TAXES						
FEDERAL WITHHOLDING		74-2801822	7036.18	100344.01	81	SEMI-WEEKLY
EMPLOYEE OASDI	0.04200000	74-2801822	4732.48	112679.37	81	
EMPLOYEE MEDICARE	0.01450000	74-2801822	1633.86	112679.37	81	
EMPLOYER OASDI	0.06200000	74-2801822	6986.12	112679.37	81	
EMPLOYER MEDICARE	0.01450000	74-2801822	1633.85	112679.37	81	
TOTAL FEDERAL TAXES			22022.49			
STATE WITHHOLDING						
AZ STATE WITHHOLDING		742801822	2703.16	100344.01	81	
TOTAL STATE WITHHOLDING			2703.16			
EMPLOYER SUI						
AZ EMPLOYER SUI	0.01790000	4708170	470.56	26288.49	37	QUARTERLY
TOTAL EMPLOYER SUI			470.56			
EMPLOYER OTHER #1						
AZ JTT & SPEC ASSMT	0.00600000	4708170	157.73	26288.49	37	
TOTAL EMPLOYER OTHER #1			157.73			
TOTAL EMPLOYEE TAXES			16105.68			
TOTAL EMPLOYER TAXES			9248.26			
			==========			
TOTAL TAX LIABILITY			25353.94			
TOTAL AMOUNT DEBITED FROM YOUR TAX ACCOUNT			25353.94			
TOTAL LIABILITY YOU ARE RESPONSIBLE FOR			0.00			

PLEASE VERIFY ALL DEPOSIT FREQUENCIES AND TAX RATES FOR ACCURACY

PAYROLL INFORMATION	
DIRECT DEPOSIT	0.00
PAYROLL CHECKS	83000.77
MANUAL CHECKS	647.54
VOID CHECKS	0.00
	==========
TOTAL NET PAYROLL	83648.31
GARNISHMENT PAYMENT SERVICE	0.00
AGENCY CHECKS	0.00
WCPS PREMIUM	847.56
WCPS OTHER ADJUSTMENTS	7.50
BILLING PAYMENT	502.23
	==========
TOTAL COST OF PAYROLL	110359.54

Exhibit D

1200028827421

ARIZONA DEPARTMENT OF REVENUE
ATTN: Collections Divisions
1600 West Monroe Street
Phoenix, AZ 85007

WTH

Notice #	12009280965
P/M (DOR Use Only)	
Amt Due:	$ 18,593.48
Amt Enclosed:	$
FOR DOR USE ONLY	

EIN	Notice Date
74-2801822	02/19/2012

WESTWIND CHILDRENS SERVICES INCORPORATED
2045 W NORTHERN AVE
PHOENIX AZ 85021-5157

342648 02-0207

Return Top Portion With Payment

Accounts Receivable Demand Notice

Keep Bottom Portion For Your Records

WESTWIND CHILDRENS SERVICES INCORPORATED

EIN	Notice #	Notice Date
74-2801822	12009280965	02/19/2012

What you need to know!

Below is a summary of your current account balance. Your balance is $18,593.48. This amount includes penalty and interest. Further collection activity can be avoided by paying the amount due by 03/04/2012. If you do not understand this statement or need to arrange payments, please see the information on the back of this page.

If this balance has already been paid, Thank You.

Tax Type
WTH

Liability Number	Period	Tax Amount	Late File Penalty	Late Payment Penalty	Extension Underpayment Penalty	Estimated Underpayment Penalty	Other Penalties	Interest	Total
201103273541	12/31/2011	$18,318.34	$0.00	$183.18	$0.00	$0.00	$0.00	$49.55	$18,551.07

Your withholding return was received, but the period has no payments. Penalty and interest have been assessed on the unpaid balance. If payments were made for this period, you must submit proof of payment to the department.

Your daily interest rate will be calculated at $1.50 per day.

Subtotal:	$18,551.07
Balance of Liabilities from Previous Notices:	$42.41
Total you owe as of 03/04/2012:	**$18,593.48**

as of today = 3/28/11 $ 18908.16

Office 56th day in collection (with cashers check)

april 2 pay = 18914.16

1200029102540

ARIZONA DEPARTMENT OF REVENUE
ATTN: Collections Division/Levy Department
PO BOX 29070
Phoenix, AZ 85038-9070

STATE OF ARIZONA

Department of Revenue

March 10, 2012

Frank Bouche
Assistant Director

Joel L. Reader
Administrator

J P MORGAN CHASE
ATTN: COURT ORDER AND LEVIES DEPARTMENT
PO BOX 183164
COLUMBUS OH 43218-3164

NOTICE OF LEVY ON PROPERTY / RIGHTS TO PROPERTY

PLEASE SEND ALL REMITTANCES WITH LEVY ID TO:
Arizona Department of Revenue
PO BOX 29070
Phoenix, AZ 85038-9070

The taxpayer named below is indebted to the Arizona Department of Revenue in the amount of $14,033.35. This includes interest through April 11 2012.

6-30-11 paid

Arizona Revised Statutes §42-1151 provides a lien for the above tax and statutory additions. Demand for the above total amount due was made on the taxpayer who neglected or refused to pay. The amount is unpaid and still due: therefore, pursuant to ARS §42-1201 the following items are levied upon to pay this liability: All property, rights to property, money, credits, and bank deposits belonging to the taxpayer including, without limitations, funds in all safe deposit boxes (certificates of deposit, stocks, bonds, promissory notes), bank accounts of any nature (or for which you are obligated) IN YOUR POSSESSION NOW OR WITHIN 21 DAYS OF LEVY and all money or other obligations owing from you to this taxpayer not exempt from levy under ARS §42-1204 cited on the back of this form, for which you are obligated AT THE TIME OF THE LEVY OR WITHIN 21 DAYS AFTER THE DATE OF THE LEVY

DEMAND IS MADE ON YOU to satisfy this levy as required above. We will apply amounts received from you as payment on this liability. Please make your checks or money orders payable to the Arizona Department of Revenue with the taxpayer identified to insure proper credit.

FAILURE TO SURRENDER or remit the amount to levy upon demand by the Department of Revenue may make you liable for such amount (ARS §42-1202).

Joel L. Reader

Signature

For additional information, **CONTACT**:
ARIZONA DEPARTMENT OF REVENUE
(602) 542-5551

Name and Address of Taxpayer:	Certificate of Service
WESTWIND CHILDRENS SERVICES INCORPORAT 2045 W NORTHERN PHOENIX, AZ 85021 ID Number: EIN 742801822 Levy ID: 884018	I certify that this notice of levy was served by delivering a copy of it to the person named below: Name Title Date and Phone Number Authorized Signature

RCRRR642

EXCERPTS FROM THE ARIZONA REVISED STATUTES

42-1201. Levy and distraint

A. If a person liable to pay any tax neglects or refuses to pay the tax, the department may collect the tax, and such other sums as are sufficient to cover the expenses of the levy, by levy upon:
   1. All property and rights to property, except property exempt under §42-1204, belonging to the person or on which there is a lien as provided in this chapter or §42-17153 for the payment of the tax

B. The levy shall not be made more than ten years after the amount of tax determined to be due becomes final. The taxpayer and the department may extend the ten year limitation prescribed by this subsection for any length of time by executing a written agreement before the expiration of the ten year limitation. If enforced collection has been stayed by operation of federal or state law, the period of limitations shall be extended by the period of time that the department was stayed from engaging in enforced collections.

C. As used in this chapter, "levy" includes the power of distraint and seizure by any means. Except as otherwise provided in subsection E or F of this section, a levy extends only to property possessed and obligations existing at the time of the levy or within twenty-one days after the date of the levy. In any case in which the department may levy upon property or rights to property, it may seize and sell the property or rights to the property, whether real or personal, tangible or intangible.

D. If any property or right to property upon which a levy has been made under subsection A of this section is not sufficient to satisfy the claim of the department for which the levy is made, the department may as often as may be necessary proceed to levy in like manner upon any other property liable to levy of the person against whom such claim exists, until the amount due, together with all expenses, is fully paid.

E. The effect of a levy on salary or wages payable to or received by a taxpayer is continuous from the day the levy is first made until the liability out of which the levy arose is satisfied or becomes unenforceable.

F. With respect to a levy described in subsection E of this section, the department shall promptly release the levy when the liability out of which the levy arose is satisfied or becomes unenforceable and shall promptly notify the person upon whom the levy was made that the levy has been released.

42-1202. Surrender of property subject to levy; definition

A. Except as otherwise provided in subsection B of this section, any person in possession of, or obligated with respect to, property or rights to property subject to levy upon which a levy has been made shall, upon demand of the department, surrender such property or rights to property or discharge such obligation to the department, except such part of the property or rights to property as is, at the time of such demand, subject to an attachment or execution under any judicial process.

C. A person who fails or refuses to surrender any property or rights to property, subject to levy, upon demand by the department, is liable in person and estate to this state in a sum equal to the value of the property or rights to property not so surrendered, but not exceeding the amount of taxes for the collection of which such levy has been made, with costs and interest on such sum at the rate determined pursuant to section 42-1123 from the date of such levy, or, in the case of a levy described in section 42-1201, subsection E or F, from the date such person would otherwise have been obligated to pay such amounts to the taxpayer. Any amount, other than costs, recovered under this subsection shall be credited against the tax liability for the collection of which the levy was made.

D. A person in possession of or obligated with respect to property or rights to property subject to levy upon which a levy has been made who, upon demand by the department, surrenders the property or rights to property, or discharges the obligation, to the department or who pays a liability under subsection C of this section is discharged from any obligation or liability to the delinquent taxpayer with respect to such property or rights to property arising from the surrender or payment. In the case of a levy which is satisfied pursuant to subsection B of this section, the organization is also discharged from any obligation or liability to any beneficiary arising from such surrender or payment.

E. As used in this section, "person" includes an officer or employee of a corporation, an officer, employee or elected official of this state or its political subdivisions, or any agency or instrumentality of this state or its political subdivisions, or a member or employee of a partnership, who as such officer, employee, elected official or member is under a duty to surrender the property or rights to property, or to discharge the obligation.

42-1203. Production of books

If a levy has been made or is about to be made on any property, or right to property, any person having custody or control of any books or records containing evidence or statements relating to the property or right to property subject to levy shall, upon demand of the department, exhibit such books or records to the department.

42-1204. Property exempt from levy

A. The following property is exempt from levy:
   1. Wearing apparel and school books as are necessary for the taxpayer or members of his family.
   2. So much of the fuel, provisions, furniture, personal effects, arms for personal use, livestock and poultry as provided for in section 6334 of the internal revenue code.
   3. The books and tools necessary for the trade, business or profession of the taxpayer as provided for in section 6334 of the internal revenue code.
   4. Mail, addressed to any person, which has not been delivered to the addressee.
   5. If the taxpayer is required by judgment of a court of competent jurisdiction, entered prior to the date of levy, to contribute to the support of his minor children, so much of his salary, wages or other income as is necessary to comply with such judgment.
   6. Any amount payable to or received by an individual as wages or salary for personal services, or as income derived from other sources, during any period, to the extent that the total of such amounts payable to or received by him during such period does not exceed the applicable exempt amount determined under subsection D of this section.

B. The officer seizing property of the type described in subsection A of this section shall appraise and set aside to the owner the amount of such property declared to be exempt. If the taxpayer objects at the time of the seizure to the valuation fixed by the officer making the seizure, the department shall summon three disinterested individuals who shall make the valuation.

C. Notwithstanding any other law of this state, no property or rights to property shall be exempt from the levy provided in this article other than the property specifically made exempt by subsection A of this section.

D. The following wages, salary and other income payable to or received by an individual are exempt from levy under subsection A, paragraph 6 of this section.
   1. In the case of an individual who is paid or receives all wages, salary and other income on a weekly basis, the amount of such compensation received during any week which is exempt from levy is the amount determined pursuant to section 6334 (d) of the internal revenue code and which is verified in such manner as set forth in section 6334
   2. In the case of any individual not described in paragraph 1 of this subsection, the amount of the wages, salary and other income payable to or received during any applicable pay period or other fiscal period, as determined under rules prescribed by the department, which is exempt from levy under subsection A, paragraph 6 of this section is an amount, determined under such rules, which as nearly as possible will result in the same total exemption from levy for such individual over a period of time as the individual would have under paragraph 1 of this subsection if, during such period of time, the individual were paid or received such wages, salary and other income on a regular weekly basis.

42-1205. Notice and sale of seized property

A. Except as otherwise provided in this section, the notice of sale and sale of property seized by the department under this article shall be conducted in the manner and the time provided in title 12, chapter 9, article 7 relating to the sale of property under execution.

B. Real property may be redeemed in the manner provided by title 12, chapter 8, article 11.

42-1206. Authority to release levy and return property

A. The department may under prescribed regulations release the levy upon all or part of the property or rights to property levied upon if the department determines that such action will facilitate the collection of the liability. Such release shall not operate to prevent any subsequent levy.

B. If the department determines that property has been wrongfully levied upon, the department may return:
   1. The specific property levied upon.
   2. An amount of money equal to the amount of money levied upon.
   3. An amount of money equal to the amount of money received by this state from a sale of such property.

C. Property may be returned at any time. An amount equal to the amount of money levied upon or received from such sale may be returned at any time before the expiration of nine months from the date of such levy.

D. In its discretion and at any time, the department may release a levy or return property levied on if the department determines that any of the following conditions applies:
   1. The levy was premature or otherwise in violation of the department's administrative procedures.
   2. The taxpayer has entered into an installment payment agreement, unless the agreement provides otherwise.
   3. The department's interests are best served by the release or return.

Return Top Portion With Payment

Accounts Receivable Demand Notice

Keep Bottom Portion For Your Records

WESTWIND CHILDRENS SERVICES INCORPORATED

EIN	Notice #	Notice Date
74-2801822	12009280965	02/19/2012

What you need to know!

Below is a summary of your current account balance. Your balance is $18,593.48. This amount includes penalty and interest. Further collection activity can be avoided by paying the amount due by 03/04/2012. If you do not understand this statement or need to arrange payments, please see the information on the back of this page.

If this balance has already been paid, Thank You.

Tax Type
WTH

Liability Number	Period	Tax Amount	Late File Penalty	Late Payment Penalty	Extension Underpayment Penalty	Estimated Underpayment Penalty	Other Penalties	Interest	Total
201103273541	12/31/2011	$18,318.34	$0.00	$183.18	$0.00	$0.00	$0.00	$49.55	$18,551.07

Your withholding return was received, but the period has no payments. Penalty and interest have been assessed on the unpaid balance. If payments were made for this period, you must submit proof of payment to the department.

Andrea Leder

From: Debra Slagle <dslagle@westwindacademy.org>
Sent: Tuesday, April 03, 2012 1:40 PM
To: Andrea Leder
Subject: FW: AZ Dept. of Revenue
Attachments: AZ Dept. of Revenue 4.2.2012.pdf

Andrea,

Attached is a copy of the receipt, showing the ADOR payment. I will forward the receipt for the April IRS payment tomorrow. Eno is out sick today, so she couldn't make the payment today.

Thanks,
Debra

From: Cynthia Eichler
Sent: Tuesday, April 03, 2012 1:37 PM
To: Debra Slagle
Subject: AZ Dept. of Revenue

Cynthia Eichler

Administrative Assistant

to the Superintendent

Westwind Community Schools

(602) 864 - 1211

Arizona Department of Revenue

Receipt Form

DUPLICATE
4/2/2012
00070732 0008 PHWX 001

0016BRITS Notice
12009280965
12C0087088001

Notice WTH	$18,908.16
CK	$18,908.16
CHANGE	$0.00
Total:	$18,908.16

Thank you!

ADOR 74-4043 (9/01)

Andrea Leder

From: Debra Slagle <dslagle@westwindacademy.org>
Sent: Tuesday, April 03, 2012 1:52 PM
To: Andrea Leder
Subject: FW: IRS
Attachments: April IRS payment.pdf

Andrea,
Eno just let me know she had gone ahead and made the payment. Here is verification.

Thanks,
Debra

From: Cynthia Eichler
Sent: Tuesday, April 03, 2012 1:51 PM
To: Debra Slagle
Subject: IRS

Cynthia Eichler

Administrative Assistant

to the Superintendent

Westwind Community Schools

(602) 864 - 1211

EFTPS

Electronic Federal Tax Payment System

HOME | ENROLLMENT | MY PROFILE | PAYMENTS | HELP & INFORMATION | CONTACT US | LOGOUT

TAXPAYER NAME: WESTWIND CHILDRENS SERVICES INC TIN: xxxxx1822

Deposit Confirmation

Your payment has been accepted.

Payment Successful

An EFT Acknowledgement Number has been provided for this payment. Please keep this number for your records.

REMINDER: REMEMBER TO FILE ALL RETURNS WHEN DUE!

EFT ACKNOWLEDGEMENT NUMBER:	270249442114193

Payment Information	Entered Data
Taxpayer EIN	xxxxx1822
Tax Form	941 Employers Federal Tax
Tax Type	Balance due on return or notice
Tax Period	June/2011
Payment Amount	$5,000.00
Settlement Date	04/03/2012

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